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UNCLAS SECTION 01 OF 02 LAGOS 000278

SIPDIS

STATE PASS FAA FOR ACONLEY,
TRANSPORTATION FOR FAA; TRANSPORTATION FOR KEVIN SAMPLE;
ROME PLEASE PASS TO TSA REP JOHN HALINSKI; DAKAR PLEASE PASS TO FAA
REP MOIRA KEANE

SIPDIS

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SUBJECT: AVIATION OFFICIALS SUPPORT NEW CARRIERS, ROUTES

REF: LAGOS 50

LAGOS 00000278 001.2 OF 002

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY

¶1. (U) Summary: In an April 3 meeting with the Director General (DG), Nigerian Civil Aviation Administration (NCAA), a U.S. Department of Transportation (DOT) official promised Virgin Nigeria's application to operate Lagos-JFK routes would be approved by the end of May. The NCAA DG promised to reciprocate by encouraging Continental Airlines to commence operations to Nigeria. End Summary.

U.S.- EU Open Skies Opens Opportunities For Nigeria

¶2. (U) On April 3, Kevin Sample, Advisor to the Secretary, U.S. Department of Transportation and Econoff met with Nigerian Civil Aviation Administration (NCAA) Director General (DG) Harold Demuren. Sample told Demuren the U.S. - European Union (EU) open skies agreement reached in March would have a positive impact on Nigerian aviation. The agreement allows European and U.S. airlines to fly direct routes between the two markets. Notably, it opens opportunities for European airlines, removing barriers for EU airlines to buy stakes in carriers based in Africa or non-EU European countries. As a result, Sample concluded, DOT would approve Virgin Nigeria's (VK) application to fly routes to the U.S. Sample was optimistic approval would be granted before the change on May 29 in presidential administration.

¶3. (U) Note: The open skies agreement resolves issues related to VK's application to fly to the United States that had been pending at DOT. VK, founded by Virgin Atlantic Chief Executive Officer (CEO) Richard Branson, stated in its application that it is 51 percent Nigerian owned and 49 percent European owned. The governing board remains European. Under current aviation agreements, if a British airline buys a Nigerian one, for example, the new purchase loses the right other Nigerian airlines have to fly to the U.S. because it is viewed as a European airline. End Background.

DG Pledges Support For Continental Airlines

¶4. (SBU) Nigeria supports opening new direct routes for U.S. and

Nigerian carriers, said Demuren. He promised the GON would reciprocate the approval of Virgin Nigeria's application by "fast-tracking" approval for Continental Airlines to operate direct routes to Nigeria, should the airline choose to reapply for such rights. He noted Continental Airlines had been inappropriately treated in retaliation for the failure of DOT to approve VK's application. (Note: Continental Airlines, which was granted approval by the government of Nigeria (GON) for a JFK-Lagos route in 2004, was eventually denied key technical permits by the GON in retaliation for DOT's objection to VK. End Background). Attracting Continental to operate in Nigeria would be a priority in the near future, promised Demuren.

Arik Airlines Gears Up For Routes to U.S.

¶ 15. (U) Arik Airlines is also preparing to fly routes to the U.S., reported Demuren. Arik's application to DOT would be forwarded from the airline's lawyers in Washington to DOT shortly, Demuren assured. The airline was exploring the possibility of wet-leasing A330 aircraft to fly routes to the U.S. while Nigeria secured FAA Category 1 status. Arik recently signed an agreement with Boeing for the purchase of four 777s and two 787s, with an expected delivery date of 2011. In addition, Arik is scheduled to take possession of two new Boeing 737s in April. (Note: This marks the first time in 20 years that a Nigerian carrier has purchased new aircraft. End Note).

¶ 16. (U) Sample voiced support for Nigerian carriers to fly direct routes to the U.S., stating he would like to see at a minimum three strong Nigerian carriers. He suggested these might be Virgin Nigeria, Arik Airlines, and Bellview. This would allay fears that the open skies agreement between the U.S. and Nigeria was of little practical benefit to Nigerian carriers. Sample emphasized the GON should allow market forces to determine the success of Nigerian

LAGOS 00000278 002.2 OF 002

airlines and should refrain from resorting to protectionism.

Technical Assistance

¶ 17. (U) The U.S. could lend assistance to Nigeria on security and visa processing technology, suggested Sample. For example, he noted the U.S. government had provided World Airways, the predecessor of North American Airlines, equipment to evaluate machine readable visas (MRVs). The Transportation Security Administration (TSA) could also provide training of airline ground crew, said Sample.

¶ 18. (U) Sample invited Demuren to participate on an infrastructure development panel during the African Growth and Opportunity Act (AGOA) Forum, to be held in Accra, Ghana, in July. Demuren was receptive to the invitation.

¶ 19. Kevin Sample cleared this cable.